



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, JULY 11, 2008
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CRM
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TDD (202) 514-1888

VIRGINIA WOMAN INDICTED IN \$132 MILLION SCHEME TO DEFRAUD CLIENTS OF FUNDS ALLEGEDLY HELD IN TRUST

WASHINGTON - Lara Coleman, 40, of Richmond, Va., was charged in a superseding indictment with conspiracy, fraud and money laundering charges, Acting Assistant Attorney General Matthew Friedrich and U.S. Attorney for the Eastern District of Virginia Chuck Rosenberg announced. The superseding indictment stems from a scheme to defraud and obtain millions of dollars in client funds held by The 1031 Tax Group LLP (1031TG), a qualified intermediary company owned by Edward H. Okun, a co-defendant.

On July 10, 2008, a federal grand jury in Richmond, Va., returned a 27 count superseding indictment charging Okun, 57, of Miami, and Coleman with one count of conspiracy to commit mail and wire fraud, one count of conspiracy to commit money laundering, 13 counts of wire fraud, three counts of mail fraud, seven counts of money laundering, one count of bulk cash smuggling and forfeiture. Okun is also charged with one count of making false statements. The original indictment, returned on March 17, 2008, charged only Okun with mail fraud, bulk cash smuggling and making false statements. Okun's initial appearance was held March 18, 2008, in the U.S. District Court for the Southern District of Florida, and Coleman's initial appearance was held today in the U.S. District Court for the Eastern District of Virginia.

According to the indictment, from August 2005 through April 2007, Okun and Coleman used 1031TG and its subsidiaries, all owned by Okun, in a scheme to defraud clients of millions of dollars through false pretenses. Section 1031 of the Internal Revenue Code allows investment property owners to defer the capital gains tax that would otherwise be due on properties sold, if the proceeds are used to purchase new property in a specified time frame. To facilitate such exchanges, investment property owners deposit the proceeds from the sale of their property with qualified intermediaries and sign exchange agreements, which include various promises by the qualified intermediaries to clients regarding the safekeeping and use of exchange funds.

Specifically, the indictment alleges that 1031TG obtained funds by promising clients that their money would be used solely for 1031 exchanges as outlined in the exchange agreements. After making such promises, Okun and Coleman allegedly misappropriated approximately \$132 million in client funds to support Okun's lavish lifestyle, pay operating expenses for his various companies, invest in commercial real estate, and purchase additional qualified intermediary companies to obtain access to additional client funds.

The indictment also alleges that Okun and Coleman instructed employees to withdraw \$15,000 in cash from Investment Properties of America's (IPofA) bank account, a company owned by Okun, and smuggle the cash to Okun's personal yacht on Paradise Island in the Bahamas to avoid federal currency reporting requirements.

The indictment further alleges that Okun made material false statements under oath before the U.S. District Court for the Eastern District of Virginia relating to conversations he had with the chief legal officer of IPofA.

The charges of conspiracy to commit mail and wire fraud, conspiracy to commit money laundering, wire fraud, and mail fraud each carry a maximum prison sentence of 20 years. The charges of money laundering, bulk cash smuggling, and false declaration carry a five-year maximum prison sentence. The indictment seeks forfeiture of all funds and assets owned by Okun and Coleman that were derived from or connected to the misappropriation of approximately \$132 million in funds held by 1031TG and all funds and assets traceable to the \$15,000 in cash Okun instructed to be smuggled to his yacht in the Bahamas.

This case is being prosecuted by Assistant U.S. Attorney for the Eastern District of Virginia Michael S. Dry and Trial Attorney Brigham Q. Cannon of the Criminal Division's Fraud Section. This continuing investigation is being conducted by the U.S. Postal Inspection Service, Internal Revenue Service and the FBI.

An indictment is merely an accusation and the defendants are presumed innocent unless proven guilty.

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